

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Military and Veterans Affairs, Space, and Domestic Security

BILL: CS/SB 104

INTRODUCER: Military and Veterans Affairs, Space, and Domestic Security Committee and Senator Garcia

SUBJECT: Small Business Financial Assistance

DATE: October 12, 2017 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Sanders	Ryon	MS	Fav/CS
2.			ATD	
3.			AP	

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 104 creates the Veterans Employment Small Business Grant Program to encourage small businesses in Florida to hire veterans. The program is created within the Florida Department of Economic Opportunity (DEO) and is to be administered by Florida Is For Veterans, Inc. (FIFV). Under the program, a small business in Florida that hires a veteran as an employee may receive a one-time grant of \$1,500 for each veteran hired, or \$3,000 for each disabled veteran hired by the small business. These awards may not exceed \$10,500 per fiscal year for a qualifying small business.

To qualify for a grant under the program, a small business must agree to:

- Hire and employ a qualifying veteran for at least one year;
- Provide a report with information on the employment status of each qualifying veteran upon the request of FIFV;
- Pay each qualifying veteran an amount equal to at least 90 percent of the annual median income for veterans in Florida based on the most recent American Community Survey 1-year estimates published by the U.S. Census Bureau;
- Invest any awarded grant moneys into the small business to facilitate further job creation and employment of veterans; and
- Not rehire a veteran previously claimed as an employee in order to receive funds under the program.

FIFV is required to submit an annual report by December 31 for the duration of the grant program to the Governor, the President of the Senate, and the Speaker of the House of Representatives on the grant program’s progress and outcomes for the preceding three fiscal years.

Beginning July 1, 2018, and for the 2018-2019 through 2022-2023 fiscal years, the bill appropriates \$500,000 in nonrecurring funds from the State Economic Enhancement and Development Trust Fund to the DEO for transfer to FIFV to implement and administer the program. FIFV may award grant moneys up to a maximum of \$500,000 per fiscal year to small businesses and is authorized to expend no more than \$25,000 annually for staffing and administrative costs.

The bill takes effect on July 1, 2018.

II. Present Situation:

Florida Veterans

A veteran is defined as a person who served in the active military, naval, or air service and who was honorably discharged or released from active duty under honorable conditions.¹ In the United States there are more than 20 million veterans, of which, over 1.5 million reside in Florida.² This makes Florida the state with the third largest veteran population, behind California and Texas.³ The chart below shows veterans residing in Florida by age range. More than half of Florida’s veterans are age 60 or older.

Veterans in Florida by Age Range ⁴						
Under 40	40-49	50-59	60-69	70-79	80+	TOTAL
186,691	172,112	272,772	355,955	318,013	288,675	1,594,218

Florida also has the third largest population of veterans with a service-connected disability in the nation with 315,670.⁵ The U.S. Department of Veterans Affairs (USDVA) is the federal agency tasked with making the official determination of the existence of a service-connected disability. The term “disabled veteran” is defined as an individual who has served on active duty in the armed forces, has been separated under honorable conditions, and has established the present existence of a service-connected disability or is receiving compensation, disability retirement benefits, or a pension because of a public statute administered by the USDVA or a military department.⁶

¹ Section 1.01(14), F.S.

² U.S. Department of Veterans Affairs, National Center for Veterans Analysis and Statistics, *Veteran Population* (2016), available at http://www.va.gov/vetdata/Veteran_Population.asp (last visited Oct. 12, 2017).

³ Florida Department of Veterans’ Affairs, *Fast Facts*, available at http://floridavets.org/?page_id=50 (last visited Oct. 4, 2017).

⁴ Supra note 2.

⁵ U.S. Census Bureau, *Service-Connected Disability-Rating Status And Ratings For Civilian Veterans 18 Years And Over*, 2016 American Community Survey 1-Year Estimates, available at https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_B21100&prodType=table (last visited Oct. 12, 2017).

⁶ 5 USC 2108(2). See also s. 295.07(1)(a)1., F.S.

The term “service-connected” is further defined in the U.S. Code to mean that the disability or death suffered by the veteran was incurred or aggravated in the line of duty in active military, naval, or air service.⁷ Veterans who have been determined by the USDVA to have a service-connected disability are eligible for monthly disability compensation. There are instances in which a veteran’s service-connected disability is not determined by the USDVA. In this instance, the Department of Defense (DoD) would determine the existence of a disability and provide compensation to the veteran. The secretaries of the military departments have the authority to make the final determination of disability in each case.⁸ When that determination is made the servicemember may decide whether to receive military retirement benefits from the DoD or disability compensation from the USDVA.

Employment Assistance for Veterans in Florida

The CareerSource Florida network connects employers with qualified, skilled talent and Floridians with employment and career development opportunities. The workforce network is comprised of CareerSource Florida, which is the statewide board charged with setting state workforce policy; the Department of Economic Opportunity (DEO), the state agency responsible for administrative and fiscal affairs and policy implementation; and 24 local workforce development boards, which oversee the local delivery of workforce services to businesses, job seekers, and workers at over 100 career centers statewide.

Each career center is equipped to help job seekers connect with businesses in their field, locate training opportunities, and teach skills such as resume writing and interview techniques. Within each career center are Disabled Veterans’ Outreach Program (DVOP) specialists and Local Veterans’ Employment Representatives (LVER). DVOP specialists focus on intensive case management services for veterans with barriers to employment, particularly disabled veterans.⁹ LVERs build relationships with employers and engage in advocacy efforts with hiring executives and managers to increase employment opportunities for veterans.¹⁰ They are also responsible for ensuring that veterans receive the full range of priority workforce services in the career centers.

Veterans may also utilize the Employ Florida Vets website, an online job search engine and portal administered by CareerSource Florida and the DEO and tailored to veterans.¹¹ Developed through a series of focus groups with Florida veterans, the Employ Florida Vets Portal translates a veteran’s Military Occupational Specialty Code (a code that represents the employment classification for the specialty/job that the military veteran performed while on active duty) into an equivalent civilian job title.¹²

⁷ 38 USC 101(16).

⁸ 10 USC 1201.

⁹ Benefits.gov, *Disabled Veterans Outreach Program (DVOP)*, available at <https://www.benefits.gov/benefits/benefit-details/106> (last visited on Oct. 5, 2017).

¹⁰ Benefits.gov, *Local Veterans Employment Representative Program (LVER)*, available at <https://www.benefits.gov/benefits/benefit-details/108> (last visited on Oct. 5, 2017).

¹¹ Employ Florida Vets website, <https://veteran.employflorida.com/vosnet/Default.aspx> (last visited Oct. 10, 2017).

¹² See Employ Florida Marketplace (EFM) Veterans’ Web Portal FAQ, *How does the website use the Military Occupational Specialty Code to link veterans with jobs that might be a good fit?*, available at [http://www.floridajobs.org/frequently-asked-questions-directory/employ-florida-marketplace-\(efm\)-veterans-web-portal-faq](http://www.floridajobs.org/frequently-asked-questions-directory/employ-florida-marketplace-(efm)-veterans-web-portal-faq) (last visited Oct. 9, 2017).

Florida's overall unemployment rate in August 2017 was 4.0 percent compared to 4.4 percent nationally.¹³ The unemployment rate among Florida veterans during the 2016 calendar year was 4.2 percent compared to 4.3 percent nationally.¹⁴

Florida Is For Veterans, Inc.

During the 2014 Regular Session, the Legislature created Florida Is For Veterans, Inc. (FIFV), a non-profit corporation created within the Florida Department of Veterans' Affairs.¹⁵ The purpose of FIFV is to promote Florida as a veteran-friendly state, encourage retired and recently separated military personnel to keep or make Florida their permanent residence, help equip veterans for employment opportunities, and promote the hiring of veterans.¹⁶ FIFV is governed by a nine-member board of directors in which the Governor, the President of the Senate, and the Speaker of the House of Representatives each appoint three members. In April 2015, the FIFV board of directors selected "Veterans Florida" as the organization's brand name.¹⁷

FIFV is responsible for administering the Veterans Employment and Training Services (VETS) program for the purpose of connecting veterans and employers.¹⁸ Under the VETS program, FIFV administers a grant program for businesses to train veterans to meet a business's workforce-skill needs and operates a veteran-specific entrepreneur initiative program through a partnership with Florida's state universities.¹⁹ Additionally, as part of the VETS program, FIFV is directed to provide one-on-one assistance to veterans seeking employment, which may include skills assessments, resume creation, identification of employment goals, and referrals to career centers. FIFV must also connect with employers in the state to educate them on the value of a veteran's military experience in the workplace.

Employment Initiatives for Small Businesses in Florida

There do not appear to be any state incentive programs that are targeted to encourage small businesses to hire additional employees nor is there a grant program that specifically encourages small businesses to hire veterans.²⁰ Most of the current state programs are geared towards providing financial and technical assistance to help small businesses grow, which may result in

¹³ Florida Department of Economic Opportunity, Bureau of Labor Market Statistics, *Florida employment and unemployment release* (Sept. 2017), available at <http://www.floridajobs.org/labor-market-information/labor-market-information-data-releases/monthly-data-releases> (last visited Oct. 9, 2017).

¹⁴ United States Congress Joint Economic Committee, *State Economic Snapshots* (Sept. 18, 2017), available at, https://www.jec.senate.gov/public/_cache/files/c291f019-9afe-43c5-8f3b-f39c8dd76d14/state-economic-snapshots-september-2017.pdf (last visited Oct. 9, 2017).

¹⁵ Chapter 2014-1, s. 12, Laws of Fla.

¹⁶ Section 295.21(2), F.S.

¹⁷ See FIFV press release available at <http://floridavets.org/florida-is-for-veterans-inc-brands-as-veterans-florida/> (last visited Oct. 4, 2017); and Florida Department of State fictitious name registration information available at <http://sunbiz.org/scripts/ficidet.exe?action=DETRREG&docnum=G15000027981&rdocnum=G15000027981> (last visited Oct. 4, 2017). The organization's website is: <http://www.veteransflorida.org/> (last visited Oct. 4, 2017).

¹⁸ Section 295.22, F.S.

¹⁹ During the 2017 Regular Session, FIFV was allocated \$500,000 for the entrepreneur initiative program and \$1 million for the veterans training grant program. See Line items 578 and 579, ch. 2017-70, Laws of Fla.

²⁰ Department of Economic Opportunity, *Senate Bill 104 Agency Analysis* (Sept. 14, 2017) (on file with the Senate Committee on Military and Veterans Affairs, Space, and Domestic Security).

those businesses hiring additional employees.²¹ Enterprise Florida, Inc.'s (EFI) Minority & Small Business, Entrepreneurship, and Capital (MaSBEC) division supports eligible businesses by providing training, development, and financing options.²² MaSBEC utilizes EFI's network of state, federal, and non-profit resources to assist small businesses in accessing capital, entering new markets, and creating revenue growth and job creation.²³ Small businesses are also eligible for Florida's economic development incentive programs.²⁴

The Florida Small Business Development Center (SBDC) Network is another resource available to small business owners seeking assistance. The SBDC is designated as the principal business assistance organization for small businesses in the state, and links the state's education system with community outreach to aid in the development and education of the state's entrepreneurs and small business community.²⁵ The network provides entrepreneurs and small business owners with one-on-one business development consulting; entrepreneurial, business, and management development training; and business information and research.²⁶

III. Effect of Proposed Changes:

The bill creates s. 295.231, F.S., to establish the Veterans Employment Small Business Grant Program (program). The program is created within the Department of Economic Opportunity (DEO) and is to be administered by Florida Is For Veterans, Inc. (FIFV). This program is an incentive based program created to stimulate investment in the state's economy by providing grants to small businesses that hire honorably discharged veterans and veterans with a service-connected disability.

The bill defines a "small business" as an independently owned and operated, for-profit, privately held business that employs fewer than 50 persons; generates \$1 million or less in annual revenue; and has maintained its principal place of business in this state for at least the previous four calendar years.

A qualifying small business may receive up to \$10,500 per fiscal year for hiring honorably discharged veterans and veterans with a service-connected disability hired on or after July 1, 2018 through June 30, 2023. A qualifying small business that hires a veteran as an employee may be eligible to receive a one-time grant of:

- \$1,500 for each honorably discharged veteran;²⁷ and

²¹ See s. 288.1082, F.S. (the Grow FL program); ss. 288.993-288-9937, F.S. (microfinance programs); and information about the State Small Business Credit Initiative on the DEO website, available at <http://www.floridajobs.org/business-growth-and-partnerships/for-businesses-and-entrepreneurs/business-resources/state-small-business-credit-initiative> (last visited Oct. 9, 2017).

²² Enterprise Florida, *Small Business*, available at <https://www.enterpriseflorida.com/small-business/> (last visited October 3, 2017).

²³ Id.

²⁴ See Department of Economic Opportunity, *Business Resources*, available at <http://www.floridajobs.org/business-growth-and-partnerships/for-businesses-and-entrepreneurs/business-resources> (last visited October 3, 2017).

²⁵ Section 288.001(1), F.S.

²⁶ America's SBDC Florida, *Fact Sheet*, available at <http://floridasbdc.org/wp-content/uploads/2014/10/Fact-Sheet3.pdf>, (last visited October 3, 2017).

²⁷ As defined in section 1.01(14), F.S.

- \$3,000 for each veteran with a service-connected disability.²⁸

In order to qualify for grant funding, a small business must enter into an agreement with FIFV that requires the small business to:

- Hire and employ a qualifying veteran for at least one year in order to become eligible for grant funding;
- Provide a report with information on the employment status of each qualifying veteran upon the request of FIFV;
- Pay each qualifying veteran an amount equal to at least 90 percent of the annual median income for veterans in Florida based on the most recent American Community Survey 1-year estimates published by the U.S. Census Bureau;²⁹
- Invest any awarded grant moneys into the small business to facilitate further job creation and employment of veterans;³⁰ and
- Not rehire a veteran previously claimed as an employee for purposes of receiving an additional grant.

FIFV must notify the appropriate regional small business development center of a small business's participation in the grant program in order to facilitate improved access to the resources of the Florida Small Business Development Center Network.

The bill requires the DEO to develop rules to implement the program that specify requirements for the application and approval process and the documentation necessary to claim grant funds.

By each December 31 for the duration of the grant program, FIFV must provide an annual report to the Governor, the President of the Senate, and the Speaker of the House of Representatives on the grant program's progress and outcomes for the preceding three fiscal years. The report must include:

- The number of small businesses receiving grant funds;
- The number of veterans and disabled veterans employed by each small business receiving grant funds;
- The salary paid to each veteran employed;
- The length of time for which the small business employed each veteran; and
- The grant program's economic benefit to the state and all performance-based metrics and methodologies used to calculate the grant program's economic benefit to the state.

Beginning July 1, 2018, and for the 2018-2019 through 2022-2023 fiscal years, the bill appropriates \$500,000 in nonrecurring funds from the State Economic Enhancement and Development Trust Fund to the DEO for transfer to FIFV to implement and administer the program. FIFV may award grant moneys up to a maximum of \$500,000 per fiscal year to small businesses and is authorized to expend no more than \$25,000 annually for staffing and administrative costs.

²⁸ As described in section 295.07(1)(a), F.S.

²⁹ According to the 2016 American Community Survey 1-year estimates, the median income for veterans in Florida is \$36,686 compared to \$25,193 for nonveterans.

³⁰ Expenditures for investment into the small business are limited to manufacturing, equipment, and facilities expenses or other operating costs or fixed capital outlay projects.

The Veterans Employment Small Business Grant Program takes effect on July 1, 2018 and terminates on October 1, 2024. If any appropriated funds remain upon termination of the program, FIFV must transfer any unexpended funds to the DEO for deposit in the State Economic Enhancement and Development Trust Fund.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Businesses that choose to participate in the program created in the bill may be eligible to receive up to \$10,500 per fiscal year for hiring honorably discharged veterans and veterans with service-connected disabilities. Small businesses may apply to receive:

- \$1,500 for hiring an honorably discharged veteran; and
- \$3,000 for each veteran with a service-connected disability.

C. Government Sector Impact:

The bill appropriates \$500,000 in nonrecurring funds from the State Economic Enhancement and Development Trust Fund to the DEO for Fiscal Year 2018-2019 through Fiscal Year 2022-2023, for transfer to FIFV to implement and administer the program. FIFV may award grant moneys up to a maximum of \$500,000 per fiscal year to small businesses and FIFV is authorized to expend no more than \$25,000 annually for staffing and administrative costs.

The bill provides that the grant program terminates on July 1, 2023. On July 1, 2023, FIFV must transfer all remaining appropriated funds to the DEO for reversion to the State Economic Enhancement and Development Trust Fund.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

The bill creates section 295.231 of the Florida Statutes.

IX. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Military and Veterans Affairs, Space, and Domestic Security on October 12, 2017:

The CS:

- Requires a small business to calculate the minimum salary requirement using the most recent American Community Survey (ACS) 1-year estimates published by the U.S. Census Bureau instead of the federal census or the ACS 5-year estimates.
- Provides that the last date a veteran may be initially hired by a participating business is June 30, 2023.
- Changes the rulemaking authority granted to the Department of Economic Opportunity from permissive to mandatory.
- Requires Florida Is For Veterans, Inc. to submit an annual report each December 31 for the duration of the grant program rather than a singular progress report on December 31, 2021. The annual report must outline the program's progress and outcomes for the preceding fiscal year to the Governor, the President of the Senate, and the Speaker of the House of Representatives.
- Extends the end date of the program from July 1, 2023 to October 1, 2024.

- B. **Amendments:**

None.